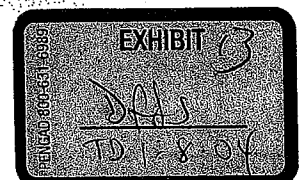


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<b>1120</b> Form 1120 Department of the Treasury Internal Revenue Service		<b>U.S. Corporation Income Tax Return</b> For calendar year 1996 (or beginning 09/31 to 96 ending 01/03 to 97)		OMB No. 1545-0043 <b>1996</b>
1. Check if a: a. Consolidated return (attach Form 990) <input type="checkbox"/> b. Personal holding co. (attach Sch. PH) <input type="checkbox"/> c. Personal services corp. (as defined in Temporary Regs. sec. 1.441-4T (see instructions)) <input type="checkbox"/>		2. Use label: a. RS <b>CHEF GARCIA, INC.</b> b. Other: <b>7608 E. FULLERTON ROAD</b> City or town, state, and ZIP code: <b>SPRINGFIELD, VA 22153</b>		3. Employer identification number: <b>54-1285691</b> 4. Date incorporated: <b>09/26/95</b> 5. Total assets (see instructions): <b>1,983,077.</b>
6. Check applicable boxes: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Change of address		7. Gross receipts or sales: <b>1,588,372.</b> 8. Less returns and allowances: <b>132,965.</b> 9. Balance: <b>1,455,407.</b>		
10. Cost of goods sold (Schedule A, line 8): <b>2,108,212.</b> 11. Gross profit: Subtract line 10 from line 9: <b>437,195.</b> 12. Dividends (Schedule C, line 19): 13. Interest: 14. Gross rents: 15. Gross royalties: 16. Capital gain net income (attach Schedule D (Form 1120)): 17. Net gain or (loss) from Form 4797, Part II, line 20 (attach Form 4797): 18. Other income (see instructions - attach schedule): 19. Total income. Add lines 10 through 18: <b>437,195.</b>		20. Compensation of officers (Schedule E, line 4): 21. Salaries and wages (less employment credits): <b>211,938.</b> 22. Repairs and maintenance: 23. Bad debts: 24. Rents: 25. Taxes and licenses: 26. Interest: 27. Charitable contributions (see instructions for 30% limitation): 28. Depreciation (attach Form 4562): <b>1,192.</b> 29. Less depreciation claimed on Schedule A and elsewhere on return: <b>1,192.</b> 30. Depletion: 31. Advertising: 32. Pension, profit-sharing, etc. plans: 33. Employee benefit programs: 34. Other deductions (attach schedule): <b>SEE STMT 1</b> 35. Total deductions. Add lines 20 through 34: <b>121,580.</b> 36. Taxable income before net operating loss deduction and special deductions. Subtract line 35 from line 19: <b>391,988.</b> 37. Less: a. Net operating loss deduction (see instructions): <b>45,207.</b> b. Special deductions (Schedule C, line 20): <b>45,207.</b> 38. Taxable income. Subtract line 37c from line 36: <b>NONE</b> 39. Total tax (Schedule J, line 10): <b>NONE</b> 40. Payments: a. 1995 overpayment credited to 1996: <b>32a</b> b. 1996 estimated tax payments: <b>32b</b> c. Less 1996 refund applied for on Form 4456: <b>32c</b> d. Tax deposited with Form 7004: <b>32d</b> e. Credit from regulated investment companies (attach Form 2439): <b>32e</b> f. Credit for Federal tax on fuels (attach Form 4136). See instructions: <b>32f</b> 41. Estimated tax penalty (see instructions). Check if Form 2220 is attached: <b>33</b> 42. Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed: <b>34</b> 43. Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid: <b>35</b> 44. Enter amount of line 35 you want credited to 1997 estimated tax: <b>36</b>		
Sign Here Signature of officer: <i>[Signature]</i> Date: <b>10-15-97</b> Title: <b>President</b>		Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
Paid Preparer's Use Only Preparer's signature: <i>[Signature]</i> Date: <b>9/15/97</b> Check if self-employed: <input type="checkbox"/> Preparer's social security number: <b>145-58-2315</b> Firm's name (or your firm's name if you are not self-employed): <b>ARTHUR ANDERSEN LLP</b> EIN: <b>36-0732690</b> Firm's address: <b>120 E. BALTIMORE STREET</b> ZIP code: <b>21202</b> <b>BAITIMORE, MD</b>				

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Form 1120-100 **CHEF GARCIA, C.** 54-1285691 Page 2**Schedule C Cost of Goods Sold** (See instructions.)

1	Inventory at beginning of year	1	494,818.
2	Purchases	2	1,131,929.
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	1,626,747.
7	Inventory at end of year	7	608,535.
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	1,018,212.

9a Check all methods used for valuing closing inventory:

(i) ☐ Cost as described in Regulations section 1.471-3

(ii) ☒ Lower of cost or market as described in Regulations section 1.471-4

(iii) ☐ Other (Specify method used and attach explanation)

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) ☐

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ☐

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO ☐

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? ☐ Yes ☐ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation ☐ Yes ☐ No

**Schedule C Dividends and Special Deductions** (See instructions.)

	(a) Dividends received	(b) %	(c) Special deductions: (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock)		70	
2 Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock)		80	
3 Dividends on debt-financed stock of domestic and foreign corporations (section 246A)		See instructions	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction		80	
8 Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 245(b))		100	
9 Total. Add lines 1 through 8. See instructions for limitation			
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11 Dividends from certain FSCs that are subject to the 100% deduction (section 245(c)(1))		100	
12 Dividends from affiliated group members subject to the 100% deduction (section 245(d)(3))		100	
13 Other dividends from foreign corporations not included on lines 3, 6, 7, 8, or 11			
14 Income from controlled foreign corporations under subpart F (attach Form(s) 547-1)			
15 Foreign dividend gross-up (section 78)			
16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3 (section 245(d))			
17 Other dividends			
18 Deduction for dividends paid on certain preferred stock of public utilities			
19 Total dividends. Add lines 1 through 17. Enter here and on line 4, page 1			
20 Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on line 29b, page 1			

**Schedule E Compensation of Officers** (See instructions.)

Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1, Form 1120) are \$500,000 or more.

(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	(d) Percent of corporation stock owned		(f) Amount of compensation
			(d) Common	(e) Preferred	
1		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
2 Total compensation of officers					
3 Compensation of officers claimed on Schedule A and elsewhere on return					
4 Subtract line 3 from line 2. Enter the result here and on line 12, page 1					



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CORPORATION **CHEF GARCIA, IN**

54-3285691 Page 3

**Schedule C Tax Computation** (See instructions.)

1	Check if the corporation is a member of a controlled group (see sections 1581 and 1583). Important: Members of a controlled group, see instructions.	<input type="checkbox"/>
2a	If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):	
	(1) \$ <u>                    </u> (2) \$ <u>                    </u> (3) \$ <u>                    </u>	
b	Enter the corporation's share of:	
	(1) Additional 5% tax (not more than \$11,750) \$ <u>                    </u>	
	(2) Additional 3% tax (not more than \$100,000) \$ <u>                    </u>	
3	Income tax. Check this box if the corporation is a qualified personal service corporation as defined in section 448(d)(2) (see instructions).	<input type="checkbox"/> NONE
4a	Foreign tax credit (attach Form 1118)	<u>4a</u>
b	Possessions tax credit (attach Form 5735)	<u>4b</u>
c	Check: <input type="checkbox"/> Nonconventional source fuel credit <input type="checkbox"/> QEV credit (attach Form 8834)	<u>4c</u>
d	General business credit. Enter here and check which forms are attached:	<u>4d</u>
	<input type="checkbox"/> 3800 <input type="checkbox"/> 3468 <input type="checkbox"/> 5884 <input type="checkbox"/> 6478 <input type="checkbox"/> 6785 <input type="checkbox"/> 8586 <input type="checkbox"/> 8830	<u>4e</u>
	<input type="checkbox"/> 8826 <input type="checkbox"/> 8835 <input type="checkbox"/> 8844 <input type="checkbox"/> 8845 <input type="checkbox"/> 8846 <input type="checkbox"/> 8820 <input type="checkbox"/> 8847	
e	Credit for prior year minimum tax (attach Form 8827)	<u>5</u>
5	Total credits. Add lines 4a through 4e	<u>6</u> NONE
6	Subtract line 5 from line 3	<u>7</u>
7	Personal holding company tax (attach Schedule PH (Form 1120))	<u>8</u>
8	Recapture taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8811	<u>9</u>
9	Alternative minimum tax (attach Form 4626)	<u>10</u> NONE
10	Total tax. Add lines 6 through 9. Enter here and on line 31, page 1	

**Schedule K Other Information** (See instructions.)

1	Check method of accounting: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) <u>                    </u>	Yes	No	7	Was the corporation a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957). If "Yes," attach Form 5471 for each such corporation. Enter number of Forms 5471 attached <u>                    </u>	Yes	No
2	See the instructions and state the principal:			8	At any time during the 1996 calendar year, did the corporation have an interest in or a signature or other authority over a financial account (such as a bank account, securities account, or other financial account) in a foreign country? If "Yes," the corporation may have to file Form TD F 90-22.1. If "Yes," enter name of foreign country <u>                    </u>		
a	Business activity code no. <u>2040</u>			9	During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," see instructions for other forms the corporation may have to file.		
b	Business activity <u>FOOD PRODUCTION</u>			10	Did one foreign person at any time during the tax year own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote, or (b) the total value of all classes of stock of the corporation? If "Yes,"		
c	Product or service <u>MEXICAN FOOD</u>			a	Enter percentage owned <u>                    </u>		
3	Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) <u>X</u>			b	Enter owner's country <u>                    </u>		
	If "Yes," attach a schedule showing: (a) name and identifying number, (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of each corporation for the tax year ending with or within your tax year. <u>STMT 2</u>			c	The corporation may have to file Form 5472. Enter number of Forms 5472 attached <u>                    </u>		
4	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? <u>X</u>			11	Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If so, the corporation may have to file Form 8281		
	If "Yes," enter employer identification number and name of the parent corporation <u>                    </u>			12	Enter the amount of tax-exempt interest received or accrued during the tax year <u>\$                    </u>		
5	Did any individual, partnership, corporation, estate or trust at the end of the tax year own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) <u>X</u>			13	If there were 35 or fewer shareholders at the end of the tax year, enter the number <u>                    </u>		
	If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4, above.) Enter percentage owned <u>SEE STMT 3</u>			14	If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here <input type="checkbox"/>		
6	During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See secs. 301 and 318.) <u>X</u>			15	Enter the available NOL carryover from prior tax years (do not add carryback deduction to line 23) <u>\$ 1,824,587</u>		
	If "Yes," file Form 9432. If this is a consolidated return, answer here for the parent corporation and on Form 951.						

Affiliations Schedule for each subsidiary

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Form 1041-1000 **CHEE GARCIA, C.** 54-1285691 Page 4**Schedule L Balance Sheets per Books**

		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		65,841.		89,932.
2a	Trade notes and accounts receivable	388,174.		326,344.	
b	Less allowance for bad debts	78,337.	309,837.	3,432.	322,912.
3	Inventories		494,818.		608,535.
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach schedule) SEE		210,996.		223,864.
7	Loans to stockholders				
8	Mortgage and real estate loans				
9	Other investments (attach schedule)				
10a	Buildings and other depreciable assets	2,083,932.		2,159,098.	
b	Less accumulated depreciation	(1,379,860.)	704,072.	(1,471,249.)	687,849.
11a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
14	Other assets (attach schedule) SEE		49,986.		49,985.
15	<b>Total assets</b>		<b>1,835,550.</b>		<b>1,983,077.</b>
Liabilities and Stockholders' Equity					
16	Accounts payable		512,535.		626,618.
17	Mortgages, notes, bonds payable in less than 1 year		195,456.		292,776.
18	Other current liabilities (attach schedule) SEE		392,356.		327,165.
19	Loans from stockholders				
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach schedule) SEE		757,068.		610,997.
22	Capital stock: a Preferred stock	1,970,627.		2,072,804.	
	b Common stock	1,100.	1,971,727.	1,100.	2,073,904.
23	Paid-in or capital surplus		64,874.		64,876.
24	Retained earnings - Appropriated (attach sch)				
25	Retained earnings - Unappropriated		-2058,466.		-2013,259.
26	Less cost of treasury stock				
27	<b>Total liabilities and stockholders' equity</b>		<b>1,835,550.</b>		<b>1,983,077.</b>

Note: You are not required to complete Schedules M-1 and M-2 below if the total assets on line 15, column (d) of Schedule L are less than \$25,000.

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (See instructions)**

1	Net income (loss) per books	45,207.	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax			Tax-exempt interest \$	
3	Excess of capital losses over capital gains				
4	Income subject to tax not recorded on books this year (itemize)				
5	Expenses recorded on books this year not deducted on this return (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Contributions carryover \$		b	Contributions carryover \$	
c	Travel and entertainment \$				
6	Add lines 1 through 5	45,207.	9	Add lines 7 and 8	
			10	Income (line 28, page 1) - line 6 less line 9	45,207.

**Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)**

1	Balance at beginning of year	-2058,466.	5	Distributions: a Cash	
2	Net income (loss) per books	45,207.		b Stock	
3	Other increases (itemize)			c Property	
			6	Other decreases (itemize)	
			7	Add lines 5 and 6	
4	Add lines 1, 2, and 3	-2013,259.	8	Balance at end of year (line 4 less line 7)	-2013,259.